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ON PAGE A-1

WASHINGTON STAR
8 OCTOBER 1978

Justice Dept. Probing Case

CIA Coached Witnesses For ITT Testimony on Hill

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The CIA counseled two International Telephone and Telegraph Co. executives about their testimony before a Senate subcommittee in which they denied ITT had any links with the CIA, according to sources close to a Justice Department perjury investigation.

The sources also said former Sen. J. William Fulbright, who chaired the panel's parent Foreign Relations Committee at the time, knew at least a year — and probably three years — before the hearings began that the CIA maintained close ties with ITT.

ITT executives Edward J. Gerrity Jr. and Robert Berrellez have been accused of perjury for allegedly lying to the subcommittee about ITT's financial role in the Chilean presidential campaign of 1970.

The evidence may prove troublesome for a jury considering conviction of either Gerrity or Berrellez. "Can the government convict anybody who was carrying out instructions of the government?" was the rhetorical question of one source familiar with the investigation.

BERRELLEZ'S TRIAL is scheduled to begin Oct. 23 in U.S. District

Court. Gerrity's trial is on the calendar for Dec. 4.

There is also a potential conflict if Fulbright had knowledge that he did not convey to one of his subcommittees conducting an investigation, the sources say.

Fulbright declined to discuss the ITT matter before his potential appearance as a trial witness.

Sources said the Justice Department has documents that indicate the CIA was in communication with ITT before and during the controversial hearings. The documents are part of the department's case against two ITT officers.

Gerrity is ITT's senior vice president for public relations. Berrellez, a former journalist, has worked under Gerrity as corporate relations director for South America since 1970.

GERRITY AND BERRELLEZ denied to the subcommittee any knowledge of an alleged \$1 million payment from ITT, with CIA concurrence, to political rivals of the late Salvador Allende, a socialist who was elected president of Chile on Oct. 24, 1970.

Allende died in a September 1973 coup that replaced his government with a military junta, which later outlawed Allende's Marxist party. The junta reported Allende committed suicide, but Allende's widow claimed he was murdered.

Gerrity testified at the Senate hearings that ITT was concerned that Allende's anti-business and anti-U.S. platform in 1970 would lead to a Chilean government takeover of ITT assets in the South American nation.

But Gerrity said he had "no knowledge of money being offered" to anti-Allende forces "and it is not my understanding that any money was offered to the CIA."

ITT is the world's largest manufacturer of telecommunications equipment with operations in more than 80 countries. ITT's investment in Chile included a \$153 million interest in the national telephone company, which was only two-thirds protected by U.S. government guarantees against expropriation.

The 1973 subcommittee hearings, chaired by Sen. Frank Church, D-Idaho, and the Senate Intelligence Committee in an investigation two years later produced evidence that the CIA channeled some \$8 million to candidates opposing Allende, and that the CIA and ITT coordinated their activities.

RICHARD HELMS, who was the CIA director at the time of the Allende campaign, pleaded no contest last year to two charges of lying under oath to Congress about CIA involvement in the Chilean election.

Sources said the Justice Department's evidence shows the CIA was in continuous contact with ITT during the Church subcommittee's prehearing investigation that began in the spring of 1972 and may even have orchestrated crucial parts of the actual public testimony of Gerrity and Berrellez in March and April 1973.

The sources said the CIA connection with ITT was also known to Fulbright and Pat M. Holt, a senior consultant of the Foreign Relations Committee, more than a year before the subcommittee hearings. Holt, now retired, could not be reached for comment.

According to the sources, Fulbright — or an assistant or assistants — leaked documents to columnist Jack Anderson whose newspaper articles in March 21 and 22, 1972, precipitated creation of the subcommittee and its subsequent inquiries.

Fulbright, an Arkansas Democrat with a distinguished 30-year career in the Senate, is now in private law practice with Hogan & Hartson in the District. A woman at Fulbright's law office said Friday he was on an out-of-town speaking engagement.

"The senator is unavailable until Oct. 17," the woman said.

BUT FULBRIGHT PERSONALLY answered the telephone at his Northwest home. He declined to discuss any aspects of the ITT matter. When asked if he knew of the CIA connection with ITT before the subcommittee hearings, Fulbright replied:

"I think we'd better not talk about it until the trial. That's in a few weeks."

When asked if he had provided any information to columnist Anderson about ITT and the CIA, Fulbright said gruffly, "I said I don't care to talk about it right now."

Anderson said, "No, Fulbright did not give me the documents."

But a source familiar with material Anderson received said it seemed apparent that Fulbright knew of the CIA-ITT connection in 1972 and probably as early as 1970 when the anti-Allende campaign was at its peak.

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Anderson said he would not identify his source of information nor the contents of the material other than to state it originated from ITT files and implied that ITT dominated the CIA in Chile rather than the agency controlling the corporation.

THE STICKY ISSUE involving one arm of the government prosecuting ITT executives for allegedly follow-

ing the advice of another federal agency is only the first of many for a Justice Department task force probing corporate overseas corruption.

The department created a nationwide task force of staff attorneys in Washington and U.S. attorneys in cities throughout the country in the fall of 1976. In the summer of 1977 the task force was expanded through the addition of two attorneys from the Securities and Exchange Commission, which pioneered the corporate bribery probes in 1974.

By the time the task force was set up, the SEC had linked 400 major corporations with more than \$500 million in questionable payments including bribes and illegal campaign contributions to members of Congress.

The task force won a racketeering conviction against J. Ray McDermott & Co., a New Orleans-based producer of oil drilling equipment, and the Minneapolis computer firm Control Data.

But it has run into trouble with two giant airplane manufacturers, Lockheed Corp. of Los Angeles and The Boeing Co. of Seattle. Dresser Industries, a Dallas supplier of oil drilling and coal mining equipment, compounded the task force problems.

The basis of the task force difficulties involves the extent of government involvement in Lockheed and Boeing financial dealings with foreign officials.

Lockheed's former international

sales chief, A. Carl Kotchian, was subpoenaed to testify before a federal grand jury investigating criminal violations including false statements to government agencies, conspiracy to defraud, mail and wire fraud, customs violations and interstate transportation of money obtained by fraud.

Kotchian stiffened when it became apparent that the task force was seeking a criminal indictment against him for activities that he alleged were carried out frequently with CIA compliance.

Boeing's attorneys argued with the task force staff that the world's largest manufacturer of commercial aircraft was acting in the best interests of the United States and, sometimes, under U.S. guidance in paying sales commissions to foreign government officials that mount to the tens of millions of dollars.

Meanwhile, Dresser chairman John V. James resisted testifying before the grand jury on grounds that he was exonerated by a prior agreement with another government agency in regard to a \$1.4 million payment to a foreign official to consummate a \$40 million deal.

Despite his arguments, James appeared before the grand jury last May 31 and produced documents pertaining to the alleged criminal activity.